

1 November 2019

APESB issues revised APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document*

Accounting Professional & Ethical Standards Board Limited (APESB) today announced the issue of the revised APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document* (APES 350) to replace the existing APES 350 (Issued August 2015).

The key changes in the revised APES 350 consist of:

- Revisions to reflect the restructured APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code), issued in November 2018;
- Incorporating a requirement for Members to comply with the responding to Non-Compliance with Laws and Regulations (NOCLAR) provisions of the Code;
- Removing references to the Auditing Standards (AUSs) now replaced by Australian Auditing Standards (ASAs);
- Defining the term 'writing' to enhance the technological neutrality of the standard; and
- Amending the template Materiality Letter in Appendix 2 to reflect the recently amended definition of materiality issued by the Australian Accounting Standards Board.

Please refer to Appendix 1 of this technical update for details of all the revisions. The revised APES 350 will be effective for Engagements commencing on or after 1 January 2020 with early adoption permitted.

APESB has incorporated the following interactive PDF features within the revised APES 350:

- Bookmark tab section for contents page;
- Dynamic links to sections and paragraphs;
- Pop-up definitions upon mouse rollover for defined terms; and
- Links to external websites.

The revised standard is available from APESB's website: www.apesb.org.au

– ENDS –

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Appendix 1

Revision to APES 350 (Issued August 2015)

Accounting Professional & Ethical Standards Board Limited (APESB) has approved the following revisions to APES 350 *Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document*, which was originally issued in December 2009 and revised in March 2011 and August 2015 (extant APES 350).

Paragraph Reference	Revisions
1.1	<p>The primary objectives of APES 350 <i>Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document</i> are to specify a Member in Public Practice's professional and ethical responsibilities when providing Professional Services to a Client which consist of participating in and/or reporting to a Due Diligence Committee as a DDC Member, DDC Observer or Reporting Person in connection with a Public Document, in respect of:</p> <ul style="list-style-type: none"> • fundamental responsibilities; • the requirements to take reasonable steps to ensure that the Members' responsibilities specified in the Due Diligence Planning Memorandum are consistent with those set out in the Engagement Document; and • the circumstances in which a Due Diligence Sign-Off, a Materiality Letter or a New Circumstances Statement can be issued, the matters to be included therein and to provide guidance on the form of the reports. <p><u>A Member in Public Practice may provide Professional Services to a Client in connection with a Due Diligence Committee in the role of a:</u></p> <ul style="list-style-type: none"> • <u>DDC Member and Reporting Person;</u> • <u>DDC Observer;</u> • <u>DDC Observer and Reporting Person; or</u> • <u>Reporting Person.</u> <p><u>These roles are defined in Section 2 and discussed in paragraph 5.1.</u></p>
1.2	<p>Accounting Professional & Ethical Standards Board Limited (APESB) has revised professional standard APES 350 <i>Participation by Members in Public Practice in Due Diligence Committees in connection with a Public Document (the Standard)</i>, which is effective for Engagements commencing on or after 1 October 2015 <u>January 2020</u> and supersedes APES 350 issued in March 2014 <u>August 2015</u>. Earlier adoption of this Standard is permitted.</p>
1.3	<p>APES 350 sets the standards for Members in Public Practice in the provision of quality and ethical Professional Services to a Client which comprise participating in and/or reporting to a Due Diligence Committee, as a DDC Member, DDC Observer or Reporting Person in connection with a Public Document. The mandatory requirements of this Standard are in bold -type, preceded or followed by discussion or explanations in normal type. APES 350 should be read in conjunction with other professional duties of Members, and any legal obligations that may apply.</p>
1.5	<p>Members in Public Practice practising outside of Australia shall follow the mandatory requirements of this Standard APES 350 to the extent to which they are not prevented from so doing by specific requirements of local laws and/or regulations.</p>

Paragraph Reference	Revisions
1.640	<i>[Paragraph 1.10 of the extant standard remains unchanged, but has been relocated to paragraph 1.6].</i>
1.7	<u>A Low Doc Offering may be one such circumstance as described in paragraph 1.6. Members in Public Practice should refer to APES GN 31 Professional and Ethical Considerations relating to Low Doc Offering Sign-offs for guidance in relation to Low Doc Offering Engagements.</u>
1.86	Members in Public Practice shall be familiar <u>comply with relevant other applicable Professional Standards and be familiar with relevant guidance notes when providing Professional Services. All Members shall comply with the fundamental principles outlined in the Code.</u>
1.97	<i>[Paragraph 1.7 of the extant APES 350 remains unchanged, but has been relocated to paragraph 1.9].</i>
1.108	All references to Professional Standards, <u>guidance notes and legislation</u> are references to those provisions as amended from time to time.
1.119	<i>[Paragraph 1.9 of the extant APES 350 remains unchanged, but has been relocated to paragraph 1.11]</i>
4.11	<i>[Paragraph 1.11 of the extant APES 350 has been relocated and added to paragraph 1.1].</i>
2	Defined terms are shown in the body of the Standard in title case. For the purpose of this Standard:
2	Acceptable Level means a level at which a <u>Member in Public Practice using the reasonable and informed third party test would be likely to conclude, weighing all the specific facts and circumstances available to that</u> the Member in Public Practice at that time, <u>that compliance complies</u> with the fundamental principles of the Code is not compromised .
2	Assurance Client means the responsible party that is the person (or persons) who: (a) In a direct reporting Engagement, is responsible for the subject matter; or (b) In an assertion-based Engagement, is responsible for the Subject Matter <u>Information</u> and may <u>might</u> be responsible for the subject matter.
2	Assurance Engagement means an Engagement in which a Member in Public Practice aims to obtain sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the Subject Matter <u>Information</u> (that is, the outcome of the measurement or evaluation of an underlying subject matter against criteria). This includes an Engagement in accordance with the <i>Framework for Assurance Engagements</i> issued by the AUASB or in accordance with specific relevant standards, such as International Standards on Auditing, for Assurance Engagements. <u>(For guidance on Assurance Engagements, see the Framework for Assurance Engagements issued by the AUASB. The Framework for Assurance Engagements describes the elements and objectives of an Assurance Engagement and identifies engagements to which Australian Auditing Standards (ASAs), Standards on Review Engagements (ASREs) and Standards on Assurance Engagements (ASAEs) apply.)</u>

Paragraph Reference	Revisions
2	AuASB means the Auditing and Assurance Standards Board which issued Australian auditing and assurance standards up to 30 June 2004, under the auspices of the Australian Accounting Research Foundation, a joint venture of CPA Australia and the Institute of Chartered Accountants in Australia.
2	Audit Engagement means a reasonable a Assurance Engagement in which a Member in Public Practice expresses an opinion whether financial statements are prepared, in all material respects (or give a true and fair view or are presented fairly, in all material respects), in accordance with an applicable financial reporting framework, such as an Engagement conducted in accordance with Auditing and Assurance Standards. This includes a statutory audit, which is an audit required by legislation or other regulation such as the Corporations Act 2001.
2	Auditing and Assurance Standards means: (a) the AUASB standards, as defined described in ASA 100 Preamble to AUASB Standards, ASA 101 Preamble to Australian Auditing Standards and the Foreword to AUASB Pronouncements, issued by the AUASB, and operative from the date specified in each standard; and (b) those standards issued by the AuASB which have not been revised and reissued (whether as standards or as guidance) by the AUASB, to the extent that they are not inconsistent with the AUASB standards.
2	Australian Financial Services Licence (AFSL) means a licence to provide financial services under Chapter 7 of the <i>Corporations Act 2001</i> .
2	Code means APES 110 <i>Code of Ethics for Professional Accountants (including Independence Standards)</i> .
2	DDC Member means a Member in Public Practice who is engaged by a Client to provide Professional Services as a member of a Due Diligence Committee and who will participate in the Due Diligence Committee's decisions, sign all the collective reports and other documents issued by the Due Diligence Committee and in most instances will prepare a Due Diligence Sign-Off.
2	DDC Observer means a Member in Public Practice who is engaged by a Client to provide Professional Services as an observer to a Due Diligence Committee but who will not participate as a DDC Member and will not sign or be a party to any collective reports or documents issued by the Due Diligence Committee. As an observer a Member will: <ul style="list-style-type: none"> • attend one or more meetings of the Due Diligence Committee but not undertake any due diligence enquiries or have reporting obligations to the Client or to the Due Diligence Committee; or • attend one or more meetings of the Due Diligence Committee and undertake due diligence enquiries in relation to Financial Information and/or Other Specific Information and provide a report to the Client and/or the Due Diligence Committee. In certain circumstances, depending on factors such as timing and the scope of the Engagement, the Member may prepare a Due Diligence Sign-Off and a New Circumstances Statement.
2	Due Diligence Committee means a committee established by Those Charged with Governance of a Client to co-ordinate coordinate and assist with the due diligence process to be undertaken by the Client in relation to a Public Document.

Paragraph Reference	Revisions
2	Due Diligence Sign-Off means the letter or other appropriate written communication issued by a DDC Member or in certain cases a DDC Observer in connection with a Public Document when reporting to a Client and its Due Diligence Committee on the conclusions arising from the procedures conducted by a DDC Member or DDC Observer on Financial Information and/or Other Specific Information. (A form of Due Diligence Sign-Off which complies with the requirements of this Standard is set out in Appendix 1.)-
2	Engagement Document means the document (i.e. letter, agreement or any other appropriate means) in which the Terms of Engagement are specified in a written form <u>Writing</u> .
2	Engagement Team means all Partners and staff performing the Engagement, and any individuals engaged by the Firm or a Network Firm who perform procedures on the Engagement. This excludes External Experts engaged by the Firm or <u>by</u> a Network Firm.
2	Firm means: (a) A sole practitioner, partnership, corporation or other entity of professional accountants; (b) An entity that controls such parties ₁ through ownership, management or other means; (c) An entity controlled by such parties ₁ through ownership, management or other means; or (d) An Auditor-General's office or department.
2	Independence is <u>comprises</u> : (a) Independence of mind – the state of mind that permits the expression of a conclusion without being affected by influences that compromise professional judgement, thereby allowing an individual to act with integrity, and exercise objectivity and professional scepticism. (b) Independence in appearance – the avoidance of facts and circumstances that are so significant that a reasonable and informed third party ₇ would be likely to conclude, weighing all the specific facts and circumstances , that a Firm's, or a member of the <u>an</u> Engagement Team's ₇ member's integrity, objectivity or professional scepticism has been compromised.
2	Low Doc Offering means a security offering by a Listed Entity where the securities can be offered for sale or issue without a Public Document. ¹ <u>The capital raising may be a stand-alone transaction, in conjunction with an acquisition or for refinancing.</u>
<u>Footnote 1</u>	<u>As per sections 708AA and 1012DAA of the Corporations Act 2001.</u>
2	Managerial Employee means an employee who acts in a managerial capacity within the structure of the <u>a</u> Firm, including providing oversight, in the provision of services to Clients.
2	Member means a member of a Professional Body that has adopted this Standard as applicable to their membership ₁ as defined by that Professional Body.
2	Member in Public Practice means a Member, irrespective of functional classification (e.g. for example, <u>audit, tax,</u> or consulting) in a Firm that provides Professional Services. This term is also used to refer to a Firm of Members in Public Practice and means a practice entity and a participant in that practice entity as defined by the applicable Professional Body.

Paragraph Reference	Revisions
2	<p>Network means a larger structure:</p> <p>(a) That is aimed at co-operation, <u>cooperation</u>; and</p> <p>(b) That is clearly aimed at profit or cost sharing or shares common ownership, control or management, common quality control policies and procedures, common business strategy, the use of a common brand-name, or a significant part of professional resources.</p>
2	<p>New Circumstances Statement means the letter or other document issued by a Member in Public Practice who is a DDC Observer, subsequent to the issue of a Due Diligence Sign-Off, which states whether, based on procedures conducted by the DDC Observer, anything has come to the DDC Observer's attention that causes the DDC Observer to believe that the Due Diligence Sign-Off requires amendment.</p>
2	<p>Other Specific Information means specifically identified information, other than Financial Information, in a Public Document, which has been the subject of procedures performed by a Member in Public Practice as specified in the Engagement Document. Examples include specific tax-related information, environmental matters, and information technology matters.</p>
2	<p>Professional Activity means an activity requiring accountancy or related skills undertaken by a Member, including accounting, auditing, taxation, management consulting, and financial management.</p>
2	<p>Subject Matter Information means the outcome of the evaluation or measurement of a subject matter. It is the Subject Matter Information about which the Member in Public Practice gathers sufficient appropriate evidence to provide a reasonable basis for expressing a conclusion in the Member's report.</p>
2	<p>Those Charged with Governance means the person(s) or organisation(s) (for example, a corporate trustee) with responsibility for overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process. For some entities in some jurisdictions, Those Charged with Governance may <u>might</u> include management personnel, for example, executive members of a governance board of a private or public sector entity, or an owner-manager.</p>
2	<p>Writing means a mode of representing or reproducing words in a visible form and includes words in an electronic format capable of being converted to printed text.</p>
3.1	<p>A Member in Public Practice providing Professional Services to a Client which comprise participating in and/or reporting to a Due Diligence Committee as a DDC Member, DDC Observer or Reporting Person in connection with a Public Document shall comply with <u>Section 100 Introduction and Fundamental Principles Part 1 Complying with the Code, Fundamental Principles and Conceptual Framework</u> of the Code and relevant laws and regulations.</p>
3.2	<p>A Member in Public Practice providing Professional Services to a Client which comprise participating in and/or reporting to a Due Diligence Committee as a DDC Member, DDC Observer or Reporting Person in connection with a Public Document shall comply with <u>Section 220 310 Conflicts of Interest and Section 280 Objectivity – All Services</u> of the Code.</p>

Paragraph Reference	Revisions
3.3	<p>In accordance with Section 100 Introduction and Fundamental Principles <u>Complying with the Code</u> of the Code, a Member in Public Practice shall observe and comply with the Member's public interest obligations when the Member provides Professional Services to a Client which comprise participating in and/or reporting to a Due Diligence Committee as a DDC Member, DDC Observer or Reporting Person in connection with a Public Document.</p>
3.4	<p>A Member in Public Practice who is invited by a Client or potential Client to provide Professional Services which comprise participating in and/or reporting to a Due Diligence Committee as a DDC Member, DDC Observer or Reporting Person in connection with a Public Document shall comply with the requirements of Section 240 <u>320</u> Professional Appointments of the Code.</p>
3.5	<p>A Member in Public Practice who is invited by a Client or potential Client to provide Professional Services which comprise participating in and/or reporting to a Due Diligence Committee as a DDC Member, DDC Observer or Reporting Person in connection with a Public Document shall determine whether there are threats to the Member's ability to comply with the fundamental principles of the Code prior to accepting the Engagement. Where the Member determines that there is a threat to the Member's ability to comply with the fundamental principles of the Code, the Member shall apply appropriate safeguards to eliminate <u>address the threat by eliminating</u> the threat or reduce <u>reducing</u> it to an Acceptable Level. Where appropriate safeguards are not available to reduce the threat to an Acceptable Level, the Member shall decline the Engagement or the relevant part thereof. by:</p> <p><u>(a) eliminating the circumstances, including interests or relationships, that are creating the threats;</u></p> <p><u>(b) applying safeguards, where available and capable of being applied, to reduce the threats to an Acceptable Level; or</u></p> <p><u>(c) declining or ending the specific Professional Activity.</u></p>
3.6	<p>A Member in Public Practice who is invited by an Assurance Client to provide Professional Services which comprise participating in and/or reporting to a Due Diligence Committee as a DDC Member, DDC Observer or Reporting Person in connection with a Public Document shall consider Section 290 Independence – Audit and Review Engagements or Section 291 Independence – Other Assurance Engagements Part 4A Independence for Audit and Review Engagements or Part 4B Independence for Assurance Engagements Other than Audit and Review Engagements of the Code, as applicable, to determine whether the proposed Professional Services create threats to the Member's Independence. Where the Member determines that there is a threat to the Member's Independence, the Member shall apply appropriate safeguards to eliminate <u>address the threat by eliminating</u> the threat or reduce <u>reducing</u> it to an Acceptable Level. Where appropriate safeguards are not available to reduce the threat to an Acceptable Level, the Member shall decline the Engagement or the relevant part thereof. The Member shall do so by:</p> <p><u>(a) eliminating the circumstances, including interests or relationships, that are creating the threats;</u></p> <p><u>(b) applying safeguards, where available and capable of being applied, to reduce the threats to an Acceptable Level; or</u></p> <p><u>(c) declining or ending the specific Professional Activity.</u></p>

Paragraph Reference	Revisions
3.8	<p>When considering the appropriateness of accepting a role as a DDC Member, DDC Observer or Reporting Person, a Member in Public Practice should consider matters such as:</p> <p>(a) the responsibilities of the role;</p> <p>(b) the circumstances and context of the role, including the proposed transaction to which the Public Document relates, the proposed timetable for the due diligence process, the availability of information and any limitations on the scope of the Professional Services to be provided. (This would usually be outlined in the Due Diligence Planning Memorandum);</p> <p>(c) relevant experience and expertise of the other members of the Due Diligence Committee and other participants in the due diligence process, as membership of the Due Diligence Committee will generally create a relationship of cross reliance;</p> <p>(d) whether providing the Professional Services would require the Member to hold an Australian Financial Services Licence²; and</p> <p>(e) where the Member's Firm or a Network Firm is the statutory auditor of a Listed Entity or disclosing entity in Australia or a foreign jurisdiction, whether independence obligations, in addition to the requirements of the Code, preclude the Member from accepting a role as a DDC Member, DDC Observer or Reporting Person, or limit the scope of the role the Member may perform.</p>
Footnote 2	<p>Guidance in relation to the circumstances when a Member in Public Practice is required to hold an Australian Financial Services Licence is set out in ASIC Regulatory Guide 36 <i>Licensing: Financial product advice and dealing</i>.</p>
3.9	<p>If a Member in Public Practice is not certain about the legal implications of performing the role of a DDC Member, DDC Observer or Reporting Person, the Member should <u>consider</u> seeking legal advice.</p>
3.10	<p>When a Member in Public Practice is engaged to provide a Professional Service to a Client which requires Independence, a the Member in Public Practice shall comply with Independence as defined in this Standard.</p>
3.12	<p>Where the When an Engagement or a specific element of an Engagement is an Assurance Engagement, the Member in Public Practice shall comply with Section 290 <i>Independence – Audit and Review Engagements</i> or Section 291 <i>Independence – Other Assurance Engagements</i> Part 4A <i>Independence for Audit and Review Engagements</i> or Part 4B <i>Independence for Assurance Engagements Other than Audit and Review Engagements</i> of the Code, as applicable.</p>
3.13	<p>A Member in Public Practice performing Professional Services shall maintain professional competence and take due care in the performance of the Member's work in accordance with Subsection 130 113 <i>Professional Competence and Due Care</i> of the Code.</p>
3.14	<p>Where a Member in Public Practice has agreed to provide a Due Diligence Sign-Off in respect of Financial Information and/or Other Specific Information that requires the consideration of matters that are outside the professional expertise of the Member, the Member shall seek expert assistance or advice from a suitably qualified third party or decline the Engagement. Where the Member relies upon the advice of a third party in connection with a Due Diligence Sign-Off or other reports, the Member shall disclose in the Member's Due</p>

Paragraph Reference	Revisions
	Diligence Sign-Off or other reports the name and qualifications of the third party and the subject matter on which the third party advice has been obtained.
3.18	In accordance with Section 140 <u>Confidentiality of the Code</u>, a <u>A</u> Member in Public Practice who acquires confidential information in the course of professional work performing a Professional Service for a Client shall not use that information for any purpose other than the proper performance of the professional work for that Client <u>comply with Subsection 114 Confidentiality of the Code.</u>
3.19	Where a Member in Public Practice provides Professional Services to a Client which comprise participating in and/or reporting to a Due Diligence Committee, the proper performance of the work will generally require the Member to disclose confidential information of the Client to the Due Diligence Committee, subject to any overriding restrictions on disclosure of information (including those commonly referred to as ethical wall arrangements). Unless the Member has a legal, regulatory or professional obligation of disclosure, the Member should not disclose any information relating to the Client's affairs to a party, other than to a DDC Member, DDC Observer or Reporting Person, without <u>obtaining</u> the Client's prior written permission <u>in Writing</u> .
4.2	The Terms of Engagement prepared by a Member in Public Practice should specify: <ul style="list-style-type: none"> (a) whether an investigating accountant's report or other report will be provided for inclusion in the Public Document, and if so, the Financial Information and/or Other Specific Information that will be the subject of the report and the nature and extent of assurance (if any) to be provided; (b) where the Member will have a role in relation to the Due Diligence Committee, the nature of the role including whether the Member will be a DDC Member, a DDC Observer or a Reporting Person; (c) the tasks to be undertaken by the Member in connection with the Public Document including the scope of work on the Financial Information and/or Other Specific Information upon which any Due Diligence Sign-Off is to be provided; and (d) whether the Member will prepare a Due Diligence Sign-off and the proposed form of such sign-off - ; <u>and</u> (e) <u>whether, in the case of a DDC Observer, the Member will prepare a New Circumstances Statement.</u>
4.3	Where a Due Diligence Planning Memorandum assigns responsibilities to a Member in Public Practice that extend beyond those agreed in the Engagement Document, the Member shall: <ul style="list-style-type: none"> (a) advise the Client, and if acceptable to both the Member and the Client, either amend and re-issue the Engagement Document or issue an addendum to the Engagement Document to reflect the additional responsibilities; or (b) where those additional responsibilities conflict with, or are prohibited by, this Standard, or are not acceptable to the Member: <ul style="list-style-type: none"> -(i) advise the Client and its Due Diligence Committee of the Member's responsibilities outlined in the Engagement Document and/or this Standard; and -(ii) take all reasonable steps to have the Due Diligence Planning Memorandum amended so that it does not assign

Paragraph Reference	Revisions
	<p align="center">responsibilities to the Member that conflict with, or are prohibited by, this Standard or are beyond those agreed in the Engagement Document or addendum thereto.</p>
4.5	<p>A Member in Public Practice should take all reasonable steps to ensure that the Public Document and other documents associated with the due diligence process (such as the Due Diligence Planning Memorandum) do not describe the role of the Member in a manner that may imply that the Member has :</p> <p>(a) undertaken procedures with respect to;</p> <p>(b) accepted responsibility for;</p> <p>(c) approved the disclosure of; or</p> <p>(d) reported upon;</p> <p>matters or information in the Public Document or other associated documents beyond what was agreed in the Engagement Document.</p>
5.1	<p>A Member in Public Practice may be asked to undertake a variety of roles in relation to a due diligence process in connection with a Public Document as:</p> <p>(a) a DDC Member which typically includes:</p> <ul style="list-style-type: none"> (i) attending meetings of the Due Diligence Committee; (ii) considering information presented to the Due Diligence Committee; (iii) participating in decisions of the Due Diligence Committee; (iv) reading and commenting on drafts of the Public Document; (v) performing procedures specified in an Engagement Document and preparing a Due Diligence Sign-Off; and (vi) signing the Due Diligence Committee's report, and its new circumstances sign-off to Those Charged with Governance of the Client. <p>(b) a DDC Observer which may include some or all of:</p> <ul style="list-style-type: none"> (i) attending a few or all meetings of the Due Diligence Committee; (ii) performing procedures specified in an Engagement Document and preparing a Due Diligence Sign-Off; and (iii) preparing a New Circumstances Statement. <p>(c) a Reporting Person reporting to the Client and its Due Diligence Committee on the results of procedures specified in an Engagement Document.</p> <p>A Member in Public Practice may also be asked to undertake Professional Services for, and provide a report to, a Client on Financial Information and/or Other Specific Information relevant to a Public Document, without being a DDC Member, DDC Observer or Reporting Person.</p> <p>Examples of such reports (which could alternatively be prepared as a Reporting Person) are:</p> <ul style="list-style-type: none"> • an assurance report applying relevant Auditing and Assurance Standards on specific Financial Information (usually known as an investigating accountant's report); and • a tax report on the taxation implications for shareholders of a transaction contemplated in the Public Document;

Paragraph Reference	Revisions
	either of which may or may not be prepared for inclusion in the Public Document.
5.2	A Member in Public Practice who accepts an Engagement to provide a Due Diligence Sign-Off or other reports to a Due Diligence Committee, whether as a DDC Member, DDC Observer, or Reporting Person, shall specify in the Due Diligence Sign-Off or other reports the Financial Information and/or Other Specific Information in or relevant to the Public Document that the Member has performed procedures on, and the nature of those procedures.
5.3	Based on the work performed, a Member in Public Practice may report in a Due Diligence Sign-Off that the Member is not aware of: (a) the specified Financial Information and/or Other Specific Information being misleading or deceptive (including by omission) in the form and context in which they appear in the Public Document; and (b) the due diligence enquiries set out in the Due Diligence Planning Memorandum adopted by the Due Diligence Committee as they relate to the Financial Information and/or Other Specific Information not constituting all enquiries which are reasonable in the circumstances so far as the Financial Information and/or Other Specific Information are concerned.
<u>5.4</u>	<u>A Member in Public Practice who becomes aware of instances of non-compliance with laws and regulations when providing Professional Services shall comply with Section 360 Responding to Non-Compliance with Laws and Regulations of the Code.</u>
5.54	<i>[Paragraph 5.4 of the extant APES 350 remains unchanged, but has been relocated to paragraph 5.5].</i>
5.65	Paragraph 5.54 precludes a Member in Public Practice from providing an opinion on: (a) whether the Financial Information and/or Other Specific Information disclosed in a Public Document is sufficient and appropriate to satisfy the relevant disclosure requirements of the <i>Corporations Act 2001</i> , for example those set out in Division 4 of Part 6D.2. These are matters requiring the collective consideration of all of the members of the Due Diligence Committee, and are reported on in the Due Diligence Committee's report; or (b) whether the Client has complied with other legal obligations such as continuous disclosure obligations.
5.76	Paragraph 5.54 does not preclude a Firm from providing legal advice and reporting in relation to a Public Document if the Firm has Partners and Managerial Employees who are suitably qualified lawyers.
<u>5.87</u>	A Member in Public Practice shall sign a report to Those Charged with Governance on: (a) information in a Public Document of a general nature relating to financial, accounting, tax or any other matters; or (b) the content of the Public Document as a whole; or (c) the due diligence process in relation to (a) and (b), only as a DDC Member and where that report is a report of the Due Diligence Committee which is approved and signed concurrently by the other members of the Due Diligence Committee.

Paragraph Reference	Revisions
5.98	The matters set out in paragraph 5.87 should be considered by the Due Diligence Committee using the collective knowledge and expertise of the committee as a whole. A Member in Public Practice will not have the requisite knowledge or expertise to make determinations in relation to, or report on, those matters independently of other Due Diligence Committee members. Paragraph 5.87 (a) does not preclude a Member acting as a Reporting Person from providing Professional Services in respect of the range of potential tax implications for shareholders/unit holders that may need to be described in the Public Document.
5.109	A Member in Public Practice providing Professional Services to a Client which comprise participation in and/or reporting to a Due Diligence Committee as a DDC Member, DDC Observer or Reporting Person shall bring to the attention of the Client and/or its Due Diligence Committee any significant concerns relating to the matters set out in paragraph 5.87 which come to the attention of the Member in performing the work set out in the Member's Terms of Engagement. However, a Member shall not report otherwise on the matters set out in paragraph 5.87 as to do so would contravene the requirements in that paragraph.
5.1140	A Member in Public Practice who accepts an Engagement to provide a Due Diligence Sign-Off in relation to Financial Information shall not prepare the Financial Information which is the subject of the Due Diligence Sign-Off or any extracts, summaries or analysis thereof provided elsewhere in the Public Document.
5.1244	Paragraph 5.1140 does not preclude a Member in Public Practice from reviewing or commenting on drafts of the Public Document for the purpose of alerting the Client and the Due Diligence Committee to matters that may affect the Member's ability to provide the Due Diligence Sign-Off, and, if the Member is a DDC Member, for the purposes of fulfilling the Member's duties as a DDC Member.
5.1342 to 5.1544	<i>[Paragraphs 5.12 to 5.14 of the extant APES 350 remain unchanged, but have been relocated to paragraphs 5.13 to 5.15].</i>
5.1645	Where a Member in Public Practice is a DDC Observer and has been requested to provide a Due Diligence Sign-Off, the Member shall consider the scope of any procedures the Member has agreed to perform in relation to the due diligence process in connection with the Public Document, and assess whether the scope of the procedures will enable the Member to provide a Due Diligence Sign-Off.
5.1746 to 5.2049	<i>[Paragraphs 5.16 to 5.19 of the extant APES 350 remain unchanged, but have been relocated to paragraphs 5.17 to 5.20].</i>
5.2120	A Member in Public Practice who performs Professional Services in connection with a Public Document that includes prospective financial information shall comply with APES 345 Reporting on Prospective Financial Information Prepared in connection with a Public Document.
6.1	<p>A Member in Public Practice shall prepare working papers in accordance with this Standard that appropriately document the work performed, including aspects of the Engagement that have been provided in writing. The documentation prepared by the Member shall:</p> <p>(a) provide a sufficient and appropriate record of the procedures performed for the Engagement;</p> <p>(b) identify the source of significant information the Member has</p>

Paragraph Reference	Revisions
	<p>used in the conduct of the Engagement; and</p> <p>(c) demonstrate that the Engagement was carried out in accordance with this Standard and all other Professional Standards applicable to the Engagement, including policies and procedures established in accordance with APES 320 <i>Quality Control for Firms</i>, and any applicable ethical, legal and regulatory requirements.</p>
7.1	<p>Before a Member in Public Practice provides a Due Diligence Sign-Off to a Client and its Due Diligence Committee, the Member shall:</p> <p>(a) assess whether the scope of procedures undertaken in relation to the Financial Information and/or Other Specific Information is sufficient and appropriate for that purpose;</p> <p>(b) consider the impact of any limitations on the scope of work; and</p> <p>(c) ascertain that all material matters in relation to the Financial Information and/or Other Specific Information which arose during the course of the Member's work have been addressed by the Client or its Due Diligence Committee.</p>
7.2	<p>Where the procedures undertaken in relation to the Financial Information and/or Other Specific Information only comprise a limited level of enquiry and/or the procedures were undertaken pursuant to another Engagement completed in the past, a Member in Public Practice shall not issue a Due Diligence Sign-Off containing the conclusions referred to in paragraph 7.3(k).</p>
7.3	<p>Where the requirements of paragraph 7.1 have been met and a Member in Public Practice provides a Due Diligence Sign-Off, it shall contain the following:</p> <p>(a) the name of the party or parties engaging the Member;</p> <p>(b) any other addressees of the Due Diligence Sign-Off (typically being the other members of the Due Diligence Committee);</p> <p>(c) the date on which the Due Diligence Sign-Off has been issued;</p> <p>(d) the purpose for which the Due Diligence Sign-Off has been prepared, including the Public Document and proposed transaction to which it relates;</p> <p>(e) whether the Member has prepared the Due Diligence Sign-Off in the capacity of a DDC Member or DDC Observer;</p> <p>(f) a statement that the Professional Services were conducted and the Due Diligence Sign-Off was prepared in accordance with this Standard;</p> <p>(g) the Financial Information and/or Other Specific Information disclosed in the Public Document in relation to which the Member has undertaken procedures to which the Due Diligence Sign-Off relates;</p> <p>(h) the scope of work performed in relation to the Financial Information and/or Other Specific Information to which the Due Diligence Sign-Off relates;</p> <p>(i) any limitations on the scope of work performed;</p> <p>(j) the basis on which the statements in the Due Diligence Sign-Off are made, including specific reference to:</p> <ul style="list-style-type: none"> -(i) the scope of work performed; -(ii) the materiality guidelines adopted by the Due Diligence

Paragraph Reference	Revisions
	<p style="text-align: center;">Committee; and</p> <p style="text-align: center;">-(iii) the extent, if any, of reliance by the Member on the work of others;</p> <p>(k) the conclusions of the Member in the form of negative statements as to whether having performed the scope of work, the Member has become aware of anything to cause the Member to believe that:</p> <p style="padding-left: 40px;">-(i) the Financial Information and/or Other Specific Information [as presented in identified sections of the Public Document] is misleading or deceptive (including by omission) in the form and context in which it appears; and</p> <p style="padding-left: 40px;">-(ii) the due diligence enquiries set out in the Due Diligence Planning Memorandum adopted by the Due Diligence Committee as they relate to the Financial Information and/or Other Specific Information do not constitute all enquiries which are reasonable in the circumstances so far as the Financial Information and/or Other Specific Information is concerned;</p> <p>(l) the significant assumptions upon which the conclusions of the Member are based;</p> <p>(m) all qualifications to the conclusions of the Member; and</p> <p>(n) any restrictions on the use and distribution of the Due Diligence Sign-Off.</p> <p><i>A form of Due Diligence Sign-Off which complies with the requirements of this Standard is set out in Appendix 1. Members in Public Practice should note that this form of Due Diligence Sign-Off may require amendment if the Due Diligence Sign-Off is prepared by a Member as a DDC Observer.</i></p>
7.4	<p>Where a Member in Public Practice is asked to provide a Due Diligence Sign-Off in respect of a Public Document which has not been finalised, the Member shall consider:</p> <p>(a) any amendments to the Due Diligence Sign-Off which may be required to reflect that the Public Document has not been finalised; and</p> <p>(b) the information which has not been finalised in the draft Public Document,</p> <p>to ensure that any sign-off provided at that time is appropriate.</p>
7.5	<p>A substantially complete draft of a Public Document is often used as a confidential and restricted briefing document to seek the support of potential investors for the proposed transaction. In this situation, a Member in Public Practice may be requested to provide a Due Diligence Sign-Off in relation to the draft Public Document or to advise whether the Member would be able to provide a Due Diligence Sign-Off in relation to the draft Public Document if the Member was requested to do so at that time. In providing any such Due Diligence Sign-Off or providing any such advice, the Member should clearly state:</p> <p>-(a) any assumptions or qualifications relevant to the provision of the Due Diligence Sign-Off or the advice;</p> <p>-(b) the specific draft or version number of the Public Document to which the Due Diligence Sign-Off or the advice relates; and</p> <p>-(c) that the Due Diligence Sign-Off or the advice is subject to change</p>

Paragraph Reference	Revisions
	<p>as a result of events which occur or information which comes to the Member's attention between the date of the provision of the Due Diligence Sign-Off or the advice in relation to the draft Public Document and the date of the provision of any subsequent or final Due Diligence Sign-Offs in relation to the Public Document.</p>
7.6	<p>Where a Member in Public Practice is requested to provide to a Client and/or its Due Diligence Committee written status reports or interim reports in respect of specific work discussed in the Engagement Document (for example, by way of a draft report, an oral presentation and/or by way of contributions to issues registers) or requested to provide on an interim basis detailed findings, the Member should include an appropriate disclaimer stating that such reports are provided for "information only" and are not suitable for reliance by the Client, the Due Diligence Committee or any other person.</p>
7.7	<p>Where a Client or its Due Diligence Committee requests a Member in Public Practice to make available to the Due Diligence Committee a previous report provided by the Member to the Client, or a report on work that is being undertaken by the Member for the Client for a purpose other than the transaction to which a Public Document relates (for example, a report on internal controls of the Client, or on acquisition due diligence procedures undertaken in relation to a business to be acquired by the Client), the Member should consider whether or not and on what basis such report(s) may be made available to the Due Diligence Committee, having regard to relevant factors, including:</p> <ul style="list-style-type: none"> (a) whether the information in the report (or on which it is based) remains current; (b) whether the Member's approach to materiality in preparing the report was consistent with the materiality guidelines adopted by the Due Diligence Committee; (c) the relevance of the report to the due diligence enquiries being undertaken by the Due Diligence Committee; (d) the level of testing done on source information relied on by the Member in preparing the report; and (e) whether Client consent has been obtained.
7.9	<p>If requested, a Member in Public Practice shall only provide a New Circumstances Statement where the Member is a DDC Observer and has already provided a Due Diligence Sign-Off in relation to the Public Document.</p>
7.11	<p>A Member in Public Practice who is a DDC Member does not issue a New Circumstances Statement as the Member has the ability to sign the Due Diligence Committee's new circumstances sign-off to Those Charged with Governance of the Client where the sign-off is approved and signed concurrently by the other members of the Due Diligence Committee.</p>
7.12	<p>A Member in Public Practice shall ensure that a New Circumstances Statement does not:</p> <ul style="list-style-type: none"> (a) result in any extension of the scope or subject matter of the Due Diligence Sign-Off and only relates to the Financial Information and/or the Other Specific Information specified in the Due Diligence Sign-Off; or (b) contravene the requirements of paragraph 5.87. <p><i>A form of New Circumstances Statement which complies with the requirements of this Standard is set out in Appendix 3.</i></p>

Paragraph Reference	Revisions
8.1	A Member in Public Practice who performs Professional Services comprising participating in and/or reporting to a Due Diligence Committee as a DDC Member, DDC Observer or Reporting Person in connection with a Public Document, shall be remunerated for such services by way of professional fees computed in accordance with Section 240 <u>330</u> <i>Fees and oOther Types of Remuneration</i> of the Code.
Appendix 1	Due Diligence Sign-off – Amended
Appendix 2	Materiality Letter – Amended
Appendix 3	New Circumstances Statement – Amended
Appendix 4	Summary of revisions to the previous APES 350 (issued in August 2015) – Amended